



September 17, 2013

Michigan House Energy & Technology Committee
Hon. Aric Nesbitt, Chair
Lansing, MI 48909-7514

Dear Rep. Nesbitt and members of the House Energy & Technology Committee:

On behalf of the members of the Michigan Energy Innovation Business Council (Mi-EIBC), we thank you for inviting testimony on Michigan's current renewable portfolio standard (RPS), and look forward to working closely with committee members and other interested stakeholders in shaping future energy policy to attract investment and drive economic growth while maintaining competitive energy prices for Michigan ratepayers.

Mi-EIBC is a business trade association representing companies in Michigan's growing advanced energy sector. Mi-EIBC's mission is to grow Michigan's advanced energy economy by fostering opportunities for innovation and business growth and offering a unified voice in creating a business-friendly environment for the advanced energy industry in Michigan.

As noted by the Michigan Public Service Commission, Michigan's current RPS has been directly responsible for \$1.9 billion in economic activity in the state from 2009-2012. In addition, the RPS helps support a \$7.2 billion advanced energy manufacturing economy in Michigan.

Notably, the economic benefits of the RPS have come in at a cost well below the statutory cost caps included in the 2008 legislation, reflecting the steep downward cost trends associated with renewable energy generation. In fact, the most recent power purchase agreement for renewable energy approved by the MPSC is for \$50/ MWh, well below the anticipated \$85/ MWh projected for Consumers Energy's proposed Thetford

Township natural gas plant. As a result of these downward cost trends, Consumers Energy recently reduced their renewable surcharge to \$0.

In addition, unlike a number of other states, Michigan's RPS operates without state subsidies to fund project deployment. In New York, for example, the New York State Energy Research and Development Authority, known as NYSERDA, administers a RPS fund that goes to companies developing projects connected to the New York RPS. We do not have such a fund tied to the RPS in Michigan. Instead, Michigan's RPS serves as a market enhancing mechanism, setting a baseline percentage of generation that must come from renewable resources and then allowing private actors to determine the best and most cost-effective means of meeting this requirement. Contracts for projects to meet the RPS are privately negotiated between the developer and the utility, and the utility must then get approval from the MPSC that the amount paid under these Power Purchase Agreements is reasonable. Ratepayers are further protected by the rate caps included in the PA 295 legislation.

Michigan's advanced energy manufacturers have played a pivotal role in driving down the price of renewable energy. Our members are the companies that built the Michigan specific machines that increase the capacity factors to well over 40% from the 20% that was estimated at the time of the RPS legislative discussion. Our members are also the companies that put Michigan in the top 5 for the list of solar jobs. Your efforts can help Michigan move up from the bottom 5 on the list of solar deployment. Through deploying Michigan-made energy generation devices, we are putting Michiganians back to work and keeping some of the over \$1.2 billion exported to pay for electricity in the state.

The Mi-EIBC board, policy committee, and members are all at your disposal to provide information that might be of use as you listen to testimony and consider energy policy. Thank you for your interest and attention.

Sincerely,



Liesl Eichler Clark

Vice President for Policy and Business Engagement
Michigan Energy Innovation Business Council